

complaint

Mr M has complained about payday loans he took out with CashEuroNet UK LLC trading as "Quick Quid". Mr M says that the loans were unaffordable, which led to him borrowing further amounts to repay his previous loans.

background

I issued a provisional decision on this complaint – detailing my thoughts on why I think this complaint should be upheld in part - on 18 October 2017. I've attached a copy of the provisional decision and it forms part of this decision.

Both Quick Quid and Mr M confirmed receipt of my decision. Quick Quid had nothing further to add. Mr M didn't have any further information to add, but did ask if I had taken expenditure on things like food and toiletries into account when considering his ability to repay the loans.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I would like to assure Mr M that when I considered his regular living costs, I took into account his monthly contribution to his father for the upkeep of the house, a reasonable amount of expenditure on food and also topping up his mobile phone credit.

And on all occasions where I thought the loans would've seemed affordable to Quick Quid had it completed better checks on Mr M's income and expenditure, Mr M always had a reasonable amount of disposable income left over. So Mr M could've used any money left over to cover other living expenses - such as toiletries and clothes, or if he happened to spend more on things like food and drink.

As neither party has provided any further information, I see no reason to alter the conclusions I reached in my provisional decision of 18 October 2017.

putting things right

So to put things right, Quick Quid should:

- Refund the interest and charges applied to loans 11 (taken on 30 January 2012) to 13 (taken on 18 May 2012);
- Pay interest on those amounts at 8% simple per year, from the date they were paid to the date of settlement †;
- Remove any adverse information recorded on Mr M's credit file in relation to those loans.

†HM Revenue & Customs requires Quick Quid to take off tax from this interest. Quick Quid must give Mr M a certificate showing how much tax it's taken off if he asks for one.

my final decision

For the reasons I've explained, I partly uphold Mr M's complaint.

CashEuroNet UK LLC should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 13 December 2017.

Thomas White
ombudsman

COPY OF PROVISIONAL DECISION**complaint**

Mr M has complained about payday loans he took out with CashEuroNet UK LLC trading as "Quick Quid". Mr M says that the loans were unaffordable, which led to him borrowing further amounts to repay his previous loans.

background

Mr M took out 13 loans with Quick Quid between June 2011 and May 2012 as shown below.

Loan Number	Date Taken	Top ups (additional borrowing on existing loans)	Total Amount Borrowed (£)	Date Repaid
1	15/06/2011	0	£50	25/06/2011
2	27/06/2011	0	£50	8/07/2011
3	1/08/2011	0	£100	12/08/2011
4	15/08/2011	0	£150	26/08/2011
5	26/08/2011	0	£200	9/09/2011
6	9/09/2011	0	£150	23/09/2011
7	10/10/2011	0	£150	4/11/2011
8	7/11/2011	0	£150	18/11/2011
9	3/01/2012	0	£100	13/01/2012
10	15/01/2012	0	£150	27/01/2012
11	30/01/2012	0	£250	13/04/2012
12	20/04/2012	1	£400	18/05/2012
13	18/05/2012	0	£350	22/03/2013

Mr M was late in repaying the first and last loan and extended the term of loan 12 a number of times – which led to him paying additional interest each time he extended it. Mr M entered into a repayment plan with Quick Quid to repay the final loan, which was paid off in full in March 2013.

Mr M's complaint was assessed by one of our adjudicators. The adjudicator thought the checks on loans 1 and 2 were sufficient for Quick Quid to determine they were affordable for Mr M. But the adjudicator thought Quick Quid didn't carry out sufficient checks from loan 3 onwards to be sure they were affordable for Mr M. He thought better checks would've shown Quick Quid that Mr M couldn't afford to repay loans 5 to 13, so he asked Quick Quid to refund the charges and interest Mr M paid on these loans and to pay interest at 8% simple per year on any refund due.

In response, Quick Quid disagreed with the adjudicator's assessment. But it did accept that by loan 11 it could've taken greater consideration of Mr M's financial circumstances to ensure the loans were affordable, particularly as there was a change in Mr M's pattern of borrowing. So Quick Quid offered to refund the interest and charges from loan 11 onwards. It also offered to remove these loans from Mr M's credit file. Mr M did not accept the offer, so the complaint has been passed to me to for a final decision on the matter.

As Quick Quid has made an offer in line with what our service would've recommended had we upheld loans 11 – 13, I have focused mainly on whether any further redress is warranted for loans 1 – 10.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Having done so, I'm minded to uphold the complaint in part, but I think the offer already made by Quick Quid is reasonable. I'll explain why.

Quick Quid was regulated by the Office of Fair Trading (OFT). The OFT required Quick Quid to lend responsibly by checking that Mr M could afford each loan. Those checks needed to be proportionate to things such as the amount being borrowed and Mr M's lending history. But there was no set list of checks that Quick Quid had to do.

Quick Quid says it completed a credit check on Mr M before agreeing each loan - which it says checked a range of records including late payment records, county court judgements and other open credit accounts. It says it also checked Mr M's income – which was given as £1,137 per month. Mr M was recorded as being paid weekly by his employer. Quick Quid also says it checked his expenditure but didn't keep a record of this.

In relation to loans 1 and 2, I agree with the adjudicator that the checks Quick Quid completed were proportionate. I say this because the loans were both for relatively small amounts of Mr M's reported income. And although Mr M was late repaying the first loan, as he was only a day late in repaying it and it was for a relatively small amount, I don't think Quick Quid were wrong to have lent to him again without completing more in-depth checks.

The amount Mr M was borrowing for loans 3, 4 and 5 increased by £50 each time. So given the increasing amount he was borrowing, I think Quick Quid should've carried out further checks.

Quick Quid says that as the amounts were still only for a small proportion of Mr M's stated income, it didn't think better checks were necessary. But Quick Quid had to consider factors other than just the amount to be repaid when deciding what checks to carry out. In this case there was already a pattern of Mr M taking further loans on the same day or shortly after repaying his loans with Quick Quid. So I think this should've prompted Quick Quid to make further enquiries about Mr M's ability to repay the loans sustainably, before agreeing to lend.

For loans 3 and 4, had Quick Quid checked further information such as Mr M's normal living costs at the time, this would've given it a better understanding of Mr M's ability to repay the increasing amounts.

Mr M has told us that at the time of the loans, he lived with his father and paid him about £100 a week (£450 a month) towards rent and bills. Although I can't see any regular payments to his father on Mr M's bank statements, I can see regular cash withdrawals, so I'm relying on what Mr M has told us about his expenditure. So if Quick Quid had checked what Mr M's regular living costs were at the time, the loans appeared to be affordable.

By the time of the fifth loan taken on 26 August 2011, there was a clear trend of Mr M repaying loans followed immediately by him borrowing even more from Quick Quid. So by this stage, I think Quick Quid should've sought a full picture of Mr M's finances, which might mean verifying his income and expenditure and asking about any other short term lending. One way of doing this would be by checking Mr M's bank statements.

In the adjudicator's assessment, when looking at whether better checks would've shown the loans to be affordable, the adjudicator referred to the consumer's income, expenses and spending on a

monthly basis. But in this case, as most of the loans had to be repaid within a fortnight, assessing the affordability of the loans over the length of loans rather than a month gives a more accurate picture of whether Mr M could afford to repay them on time. I say this particularly as he was paid weekly and many of the loans had to be repaid on the same day that he was paid.

Mr M received 3 wages during the term of loan 5, which was 17 days. So he had around £880 in income to repay the loan with. But over that time his regular living costs – which I understand Mr M paid on a weekly basis – amounted to around £280 based on a proportion of his regular living costs of around £500 per month. And even if Quick Quid took into account Mr M's regular payments for TV subscriptions and an average spend of around £100 per month to what appear to be gambling companies, he still had around £240 left over, after repaying his payday loan. So I think it was affordable for him. As loan 6 was for a similar amount, I think that was affordable too. And, had Quick Quid carried out what I consider would have been proportionate checks I think the loans would have seemed affordable and so I can't say it was wrong to have lent.

Mr M had to repay £238.50 for Loan 7, but because he had 27 days to repay it, in that time he received 4 wages - about what he told Quick Quid was his monthly income. This meant that he could afford the loan, even after accounting for his regular expenditure to gambling companies.

By loan 8 Mr M had to repay nearly £200 from only two wages - as the loan was for 11 days. But again once you deduct Mr M's regular living expenses, regular financial commitments, regular payments to gambling companies and even having to repay £40 to another lending company, he still had around £90 left over, across the 11 days, for day to day spending. So even if Quick Quid carried out proportionate checks here I think it would've seemed that this loan was affordable and so, as with the previous loans, I don't think it was wrong to lend.

Mr M was left in a similar financial position after he had repaid loans 9 and 10. So overall, while Quick Quid were wrong to have lent to Mr M without carrying out better checks, I can't see that they were unaffordable for him and I don't think they would have seemed unaffordable to Quick Quid. And although the adjudicator made reference to how overdrawn Mr M's bank account was, I don't think this in itself meant Quick Quid shouldn't have lent to Mr M. After all, some people choose to operate their accounts consistently overdrawn, but this doesn't mean that they are necessarily experiencing financial difficulties.

So in summary, I don't think Quick Quid should refund any interest or charges applied to loans 1 – 10. And I do not think Quick Quid should remove any adverse information relating to these loans from Mr M's credit file either.

But Quick Quid has agreed that loans 11 – 13 were unaffordable for Mr M. Looking at the increased amounts Mr M had to repay compared to his disposable income at the time, and the difficulties he had in repaying them, I agree with Quick Quid's conclusions.

putting things right

To put things right, Quick Quid should:

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my provisional decision

For the reasons I've explained, I'm currently intending to uphold Mr M's complaint in part and ask CashEuroNet UK LLC to put things right by doing what I've said above.

I now invite both parties to give me any additional information they would like me to consider before 20 November 2017.

Thomas white
ombudsman